

The complaint

Mr D is unhappy with the charges Mitsubishi HC Capital UK Plc trading as Novuna Vehicle Solutions (“MHCC”) applied, when he handed back a car he acquired under a hire agreement.

What happened

In January 2019, Mr D entered into hire agreement to acquire a new car. The car was collected in June 2022 by MHCC’s recovery agents – who I’ll refer to as B.

An inspection was carried out by B. It noted the service history was incomplete and said the following damage, totalling £755, was outside of fair wear and tear:

1. C Post R – scratched - £140
2. B Post R – dent - £60
3. Front bumper – scuffed - £175
4. Left front alloy wheel – scuffed - £65
5. Left rear alloy wheel – scuffed - £65
6. Rear bumper – chips - £175
7. Left front door – scratched - £75

Mr D complained to MHCC. He said whilst he accepted most the damage charges, he disagreed with the charges for the C Post R and the front bumper. He said the scratches to the C Post R were consistent with fair wear and tear. He also said the scratches to the front bumper were underneath the bumper and not visible. He said there wasn’t much gap between the bumper and the road and so, it was likely the surface would be scratched during the three and a half years he had the car. Mr D also said he hadn’t used the mileage he was entitled to under the agreement and so, MHCC should reduce some of the damage charges to reflect this.

MHCC issued its response to Mr D’s complaint and said the damage charge for the C Post R and front bumper was correctly charged. It acknowledged that Mr D had regularly serviced the car and that the car had a valid MOT. However it said this had no bearing on the damage charges. It also said there were no provisions in Mr D’s agreement which suggested a reduction should be made to damage charges, if a car is returned with lower mileage than expected.

Mr D disagreed and offered MHCC £500 to settle all the outstanding charges. But MHCC disagreed.

Unhappy with this, Mr D referred his complaint to this service. He reiterated his complaint and said he had already paid £500 to MHCC in an attempt to settle the outstanding charges. To put things right, he said he didn’t want MHCC to pursue him for any further charges.

Our investigator looked into the complaint and said the charges were applied fairly in line with the industry standard - The British Vehicle Rental & Leasing Association’s (“BVRLA”) fair wear and tear guidelines. She also said Mr D’s agreement didn’t require MHCC to offset any damage charges against any unused mileage.

Mr D disagreed. He said didn't think the damage under the front bumper should be chargeable, as it couldn't be seen and he said this part of the car would always be exposed to minor objects on the road.

As Mr D remains in disagreement, the case has been passed to me to decide.

Mr D is only disputing the damage charges for the front bumper and C Post R. So this decision will only comment these two areas of damage.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr D complains about a hire agreement. Entering into consumer credit contracts such as this as a lender is a regulated activity. So, I'm satisfied I can consider Mr D's complaint against MHCC.

When reaching my decision, I'm required to consider relevant industry guidance. Here, relevant guidance includes the guidelines on fair wear and tear published by the trade body, the BVRLA. This guidance is generally intended for the return of new cars at the end of the first leasing cycle. MHCC is a member of the BVRLA.

The terms and conditions of Mr D's hire agreement explain that Mr D must return the car in good condition, allowing for fair wear and tear. The terms and conditions confirm that MHCC use the criteria set out in the BVRLA's guidelines to determine what fair wear and tear is. And they say Mr D will be charged for any damage outside fair wear and tear.

C Post R

The BVRLA guidance says for damage to the door aperture, boot, boot liner and luggage area:

“Scratches on treads, sills and seals that reflect normal use are acceptable.”

I've looked at the photograph provided for the C Post R where damage was identified by B. The photograph shows a scratch that is in excess of 50mm which has penetrated the surface paint. There are also other small marks on the same panel. Having thought about this carefully, whilst I acknowledge what Mr D has said about his children being taken in and out of the car, I don't think the damage is representative of a scratch that reflects normal use. So, I'm satisfied MHCC is entitled to charge Mr D for the damage to the C Post R as it falls outside of fair wear and tear.

Front bumper

The BVRLA guidance says for damage to the paintwork, vehicle body, bumpers and trim:

“Scuffs and scratches of 25mm or less are acceptable provided the moulding or trim is not broken, cracked or deformed”.

I've looked at the photograph which shows the front bumper. This shows a large area of the bumper where there are a number of significant scratches which are in excess of 100mm. The damage is in one area of the bumper panel, rather than across the panel. So I don't think it's consistent with fair wear and tear. I've considered that Mr D has said the damage isn't visible as it is under the bumper. However, I'm satisfied it is visible and it is part of the bumper. Because the scratches are in excess of 25mm, I think it's fair for MHCC to charge Mr D for the repair to the front bumper, as the damage falls outside of fair wear and tear.

Mr D has said MHCC should reduce the damage charges to reflect that he returned the car with around 27,500 miles. This was less than the mileage he was entitled to cover under the agreement. However, I've reviewed Mr D's hire agreement and the terms and conditions and there are no provisions which say Mr D would be entitled to a reduction in damage charges,

if the car was returned with lesser mileage than anticipated. So, I don't think MHCC has acted unfairly when it declined to reduce Mr D's damage charges, to compensate Mr D for returning the car with less than the maximum allowed mileage. It follows that I don't think MHCC need to do anything further.

My final decision

I do not uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 27 January 2023.

Sonia Ahmed
Ombudsman